

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6357**

**BILL NUMBER:** SB 150

**NOTE PREPARED:** Dec 14, 2011

**BILL AMENDED:**

**SUBJECT:** County Excise Surtax and Wheel Tax.

**FIRST AUTHOR:** Sen. Boots

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill permits a county income tax council to adopt, increase, decrease, or rescind a motor vehicle excise surtax and a wheel tax for a county.

**Effective Date:** May 1, 2012.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Under current law, only the county council may adopt, or make changes to, the motor vehicle excise surtax and wheel tax. The surtax and wheel tax must be adopted together. In addition to the county council, this bill would also permit the county income tax council to adopt or change the surtax and wheel tax.

The county income tax council currently exists in COIT-adopting counties and is comprised of the county and municipalities in the county. The votes on the income tax council are apportioned based on population where the county gets credit for the population in the unincorporated areas of the county. This bill would permit the same membership to adopt or change the surtax and wheel tax in all counties that have not yet imposed the taxes, even if a county is not a COIT-adopting county.

In CY 2010, 47 counties raised \$69 M from the surtax and wheel tax. The remaining 45 counties could raise an estimated \$65 M if they adopt the taxes at their maximum rates. This proposal could result in additional counties adopting the taxes.

Money in the excise surtax and wheel tax funds is allocated to each city, town, and the county based on the formula for the Local Road and Street Account. The revenue is used to construct, reconstruct, repair, or maintain streets and roads.

**State Agencies Affected:**

**Local Agencies Affected:** Counties, cities, and towns.

**Information Sources:** Bureau of Motor Vehicles; *LOHUT Model*, LTAP Center, Purdue University.

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